

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 1089 Property Insurance

SPONSOR(S): Insurance & Banking Subcommittee

TIED BILLS: **IDEN./SIM. BILLS:** SB 1274

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Insurance & Banking Subcommittee		Callaway	Cooper

SUMMARY ANALYSIS

Citizens Property Insurance Corporation (Citizens or corporation) is a state-created, not-for-profit, tax-exempt governmental entity whose public purpose is to provide property insurance coverage to those unable to find affordable coverage in the voluntary admitted market. It is not a private insurance company. Current law provides an eligibility restriction for insurance in Citizens based on the location of the property. Major structures for which a building permit for new construction is applied for on or after July 1, 2014 or for which a building permit for a substantial improvement of the structure is applied for on or after July 1, 2014, and which is located seaward of the coastal construction control line or within the Coastal Barrier Resources System (CBRS) are ineligible for insurance in Citizens.

The PCS creates an exception to current law for Citizens' eligibility based on location of the property. The exception permits major structures that are substantially improved at any time to be insured in Citizens if they are located in a county where Citizens issues 75 percent or more of the total number of policies for personal lines residential, commercial residential, and commercial nonresidential insurance policies. It appears Monroe County is the only county in Florida that would currently fall within the exception created by the PCS and it appears the exception would apply to a maximum of 656 parcels of land in Monroe County.

Section 627.0629(1), F.S., requires rate filings for residential property insurance to include actuarially reasonable mitigation discounts. The Office of Insurance Regulation (OIR) determines the amount of the discount. The current OIR administrative rule relating to mitigation discount amounts allows insurance companies to modify the amounts if the insurer provides a detailed alternate study supporting the modification and allows the OIR to review all assumptions used in the study. The PCS requires Citizens to submit any alternate study it obtains relating to windstorm mitigation discounts to the OIR for review and approval as allowed under the current administrative rule. If the OIR approves the study, then Citizens must include any discounts provided in the study in their rates.

Typically, policyholders are responsible for substantiating the insured property has mitigation features using a uniform mitigation verification inspection form which is submitted to the insurer. All insurers must use the uniform mitigation verification inspection form developed by rule by the Financial Services Commission (FSC). The current uniform mitigation form recognizes the Florida Building Code adopted in 2001 or later and the South Florida Building Code adopted in 1994. The PCS allows the FSC to create an addendum to the uniform mitigation verification form to be used in a county that has a building code stronger than the highest code recognized on the uniform mitigation form.

The PCS has no fiscal impact on state or local governments. Owners of structures in counties where Citizens insures 75 percent or more of the property will be able to obtain or keep insurance in Citizens even if they substantially improve their structure after July 1, 2014.

The PCS is effective July 1, 2014.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Citizens Property Insurance Corporation

Citizens Property Insurance Corporation (Citizens or corporation) is a state-created, not-for-profit, tax-exempt governmental entity whose public purpose is to provide property insurance coverage to those unable to find affordable coverage in the voluntary admitted market. It is not a private insurance company.

As of February 12, 2014, Citizens is the largest property insurer in Florida with over one million policies extending approximately \$315 billion of property coverage to Floridians.¹ Citizens insures over 383,000 residential and commercial policies in Florida's coastal areas and over 600,000 residential policies in Florida's non-coastal areas. The remaining policies are commercial policies insured in Florida's non-coastal areas.

Citizens was created by the Legislature in 2002 by the merger of two existing property insurance associations: The Florida Residential Property and Casualty Joint Underwriting Association (FRPCJUA) and the Florida Windstorm Underwriting Association (FWUA). The FRPCJUA provided full-coverage personal and commercial residential property policies in all counties of Florida while the FWUA provided personal and commercial residential property wind-only coverage in designated territories.

Citizens writes various types of property insurance coverage for its policyholders. The types of coverage are divided into three separate accounts within the corporation:

1. Personal Lines Account (PLA) – Multiperil Policies²
Consists of homeowners, mobile homeowners, dwelling fire, tenants, condominium unit owners and similar policies;
2. Commercial Lines Account (CLA) – Multiperil Policies
Consists of condominium association, apartment building, homeowner's association policies, and commercial non-residential multiperil policies on property located outside the Coastal Account area; and
3. Coastal Account – Wind-only³ and Multiperil Policies
Consists of wind-only and multiperil policies for personal residential, commercial residential, and commercial non-residential issued in limited eligible coastal areas.

Eligibility for Insurance in Citizens

Current law requires Citizens to provide a procedure for determining the eligibility of a potential risk for insurance in Citizens and provides specific eligibility requirements based on premium amount, value of the property insured, and the location of the property. Risks not meeting the statutory eligibility requirements cannot be insured by Citizens. Citizens has additional eligibility requirements set out in their underwriting rules. These rules, which are approved by the Office of Insurance Regulation (OIR), give flexibility for Citizens to denote some risks as uninsurable based on factors not enumerated in statute, such as age of home, condition and age of roof, vacant property, certain seasonal occupancy, and type of electrical wiring.

Eligibility Based on Premium Amount

¹ <https://www.citizensfla.com/about/bookofbusiness/> (last viewed March 11, 2014).

² A multi-peril policy is defined as a package policy, such as a homeowners or business insurance policy that provides coverage against several different perils. It also refers to the combination of property and liability coverage in one policy. (<http://www2.iii.org/glossary/>) Multi-peril property insurance policies include coverage for damage from windstorm and from other perils, such as fire, theft, and liability.

³ A wind-only policy is a property insurance policy that provides coverage against windstorm damage only. Coverage against non-windstorm events such as fire, theft, and liability are available in a separate policy.

Under current law, a homeowner cannot buy insurance in Citizens if an insurer in the private market offers the homeowner insurance for a premium 15 percent or less than the Citizens' premium.⁴ In addition, the coverage offered by the private insurer must be comparable to Citizens' coverage. Thus, a homeowner can buy insurance from Citizens only if the private insurer's premium is more than 15 percent than the Citizens' premium.

Under current law, a homeowner cannot renew insurance in Citizens if an insurer in the private market offers to insure the property at a premium equal to or less than the Citizens' renewal premium. The insurance from the private market insurer must be comparable to the insurance from Citizens in order for the renewal premium eligibility requirement to apply.

Eligibility Based on Value of Property Insured

In addition to the eligibility restrictions based on premium amount, current law provides eligibility restrictions for homes and condominium units based on the value of the property insured. Structures with a dwelling replacement cost or a condominium unit that has a dwelling and contents replacement cost of:

- \$1 million or more cannot obtain insurance in Citizens starting January 1, 2014, but property insured by Citizens for \$1 million or more on December 31, 2013 can remain insured in Citizens until the policy expires in 2014, but cannot be renewed.
- \$900,000 or more cannot obtain insurance in Citizens starting January 1, 2015, but property insured for \$900,000 or more on December 31, 2014 can remain insured in Citizens until the policy expires in 2015, but cannot be renewed.
- \$800,000 or more cannot obtain insurance in Citizens starting January 1, 2016, but property insured for \$800,000 or more on December 31, 2015 can remain insured in Citizens until the policy expires in 2016, but cannot be renewed.
- \$700,000 or more cannot obtain insurance in Citizens starting January 1, 2017, but property insured for \$700,000 or more on December 31, 2016 can remain insured in Citizens until the policy expires in 2017, but cannot be renewed.

However, Citizens is allowed to insure structures with a dwelling replacement cost or a condominium unit with a dwelling and contents replacement cost of \$1 million or less in counties with no competition.

Citizens does not have any eligibility restrictions based on the value of the property insured for condominium association, homeowner association, or apartment building policies. Citizens has multiple eligibility and coverage restrictions for commercial businesses, depending on where the business is located and the type of policy the business purchases from Citizens. These restrictions are contained in the underwriting rules of Citizens, not in the statute.

Eligibility Based on Location of Property

Current law also provides an eligibility restriction for insurance in Citizens based on the location of the property. Major structures for which a building permit for new construction is applied for on or after July 1, 2014 or for which a building permit for a substantial improvement of the structure is applied for on or after July 1, 2014, and which is located seaward of the coastal construction control line⁵ or within the Coastal Barrier Resources System⁶ (CBRS) are ineligible for insurance in Citizens. The definition of

⁴ s. 627.351(6)(c)5.a., F.S. Commercial non-residential property is not subject to this eligibility restriction.

⁵ The coastal construction control line (CCCL) establishes an area of jurisdiction in which special siting and design criteria are applied for construction and related activities. These standards may be more stringent than those that apply in the rest of the coastal building zone because during a storm event greater forces are expected to occur in the more seaward zone of the beach. Chapter 62B-33, Florida Administrative Code, provides the design and siting requirements that must be met to obtain a CCCL permit. Approval or denial of a permit application is based upon a review of the potential impacts to the beach dune system, adjacent properties, native salt resistant vegetation, and marine turtles. The CCCL is not a setback line or line of prohibition for construction. Rather, new construction as well as additions, remodeling, and repairs to existing structures are allowed seaward of the control line; however, such structures and activities, unless exempt by rule or law, require a CCCL permit from the Florida Department of Environmental Protection. An interactive map showing the CCCL is available online.

⁶ The Coastal Barrier Resources Act (CBRA or Act)⁶ was passed in 1982 and reauthorized in 1990, 2000 and 2005. Under CBRA, some undeveloped land located on coastal barriers is designated by the Secretary of the Interior as CBRA units in the Coastal Barrier Resource System (CBRS). The Act does not prohibit or regulate development of land in the CBRS, it simply precludes land owners from obtaining federal financial assistance for development of coastal barrier land. The Act encourages the conservation of hurricane prone, biologically rich coastal barriers by restricting federal expenditures that encourage development, such as federal flood insurance, road building, disaster relief, and wastewater systems.

“major structure” that is contained in s. 161.54, F.S., is the one that applies to Citizens’ eligibility and is very broad, encompassing all residential and commercial buildings. The definition specifies it covers houses, mobile homes, apartment buildings, condominiums, hotels, motels, and restaurants. The definition of “substantial improvement” that is also contained in s. 161.54, F.S., is the one that applies to Citizens’ eligibility. Generally, this definition makes any repair, reconstruction, rehabilitation, or improvement to a structure that costs 50 percent or more of the market value of the structure to be a “substantial improvement.” The statutory definition contains additional parameters and guidance and exclusions.

Statewide Impact of the Application of Citizens’ Eligibility Based on Location of Property

Citizens has identified approximately 100,000 parcels of land statewide completely within the CBRS or seaward of the coastal construction control line.⁷ Under current law, these parcels are ineligible for insurance in Citizens if:

- the parcel is currently improved (i.e., developed) and the structure located on the parcel is substantially improved with a building permit applied for on or after July 1, 2014, or
- if the parcel is currently unimproved (i.e., vacant), but is later developed with a building permit applied for on or after July 1, 2014.

Of the 100,000 total parcels of land completely within the CBRS or seaward of the coastal construction control line, Citizens currently writes 25,000 policies statewide insuring structures on these parcels. Thus, any substantial improvement to these 25,000 properties where a building permit is applied for on or after July 1, 2014 would keep them from continuing to be insured by Citizens.

Citizens identified another 80,000-100,000 properties it currently insures that are so close to the CBRS or the coastal construction control line that any change in the boundaries of these areas⁸ could move these properties into the CBRS or the control line, thus preventing the property from keeping insurance in Citizens if it is substantially improved with a building permit applied for on or after July 1, 2014.

Monroe County Impact of the Application of the CBRS Eligibility Restriction

There is no coastal construction control line in Monroe County. Thus, the provision in current law relating to eligibility for Citizens insurance for property located in the CBRS is the only applicable provision for Monroe County.

Monroe County has the following types of property located in whole or in part in the CBRS:

- 83 parcels are privately owned and improved (i.e., developed) and are completely contained within the CBRS.
- 1,239 parcels are privately owned and unimproved (i.e., vacant) and are completely contained within the CBRS.
- 573 parcels are privately owned and improved and intersect the CBRS in some manner (but are not wholly in the CBRS).
- 1,311 parcels are privately owned and unimproved and intersect the CBRS in some manner (but are not wholly in the CBRS).⁹

Areas within the CBRS can be developed if the private developer or other non-federal party bears the full cost of development. The U.S. Fish and Wildlife Service is the federal agency responsible for implementing CBRA. Florida has 128 units in the CBRS totaling 677,334 acres, and 454 shoreline miles. The CBRS boundaries are depicted on U.S. Geological Survey topographic quadrangle maps. With three exceptions, only Congress has the authority to change CBRA boundaries to include or exclude specific property. The exceptions allow the Secretary of the Interior to change the boundaries for (1) voluntary additions to the CBRS by property owners, (2) additions of excess federal property to the CBRS, and (3) the required CBRA 5-year review that solely considers changes to the CBRS by natural forces such as erosion or accretion.

⁷ All information about parcel count in the CBRS or the coastal construction control line was obtained from Citizens and is on file with the Insurance & Banking Subcommittee.

⁸ The Florida Department of Environmental Protection (DEP) establishes the coastal construction control line on a county basis. The line is subject to review at the discretion of DEP, upon request of officials of affected counties or municipalities, or upon request of a riparian upland owner who feels that the line is unduly restrictive or prevents a legitimate use of the owner’s property. (s. 161.053(2)(a), F.S.). Congress can change the boundaries of the CBRA which define the CBRS, with three exceptions that allow the Secretary of the Interior to change the boundaries. (see footnote 6).

⁹ Monroe County also has government owned parcels of land contained in whole or in part in the CBRS. These parcels are not included as they are not insured by Citizens and thus are not impacted by the current law relating to eligibility for insurance in Citizens.

Potentially all of these properties (3,206 total) could become ineligible for insurance in Citizens in the future under the current law. For the 83 parcels that are currently improved and are completely within the CBRS, if the property owner substantially improves the property and applies for a building permit to do so on or after July 1, 2014, Citizens cannot insure it, even if they do so presently. For the 573 parcels that are currently improved, but are only partly within the CBRS, if the structure on the property is built on the part of the parcel in the CBRS and is substantially improved with a building permit applied for on or after July 1, 2014, Citizens cannot insure it, even if they do so presently.

For the 1,239 parcels that are currently vacant and are completely within the CBRS, if the property owner develops the parcel with a building permit applied for on or after July 1, 2014, Citizens cannot insure the structure built. For the 1,311 parcels that are currently vacant, but are only partly within the CBRS, if the property owner develops the parcel with a building permit applied for on or after July 1, 2014 and the structure is built on the part of the parcel in the CBRS, Citizens cannot insure the structure. However, if the structure is built on the part of the parcel not in the CBRS, Citizens can insure the structure.

Although it is unknown how many of the 3,206 parcels in the CBRS in Monroe County are presently insured by Citizens, there can be no more than 656 parcels because that is the number of developed parcels located in whole or in part in the CBRS. Citizens only insures structures and does not insure vacant land, so the parcel must be classified as improved for Citizens to insure it. Thus, there is a maximum of 656 properties that are currently insured by Citizens and that could be ineligible for insurance from Citizens in the future if the property is substantially improved with a building permit applied for on or after July 1, 2014. If these properties became ineligible for insurance from Citizens, an insurer in the admitted or surplus lines market has to insure the property.¹⁰

As of January 31, 2014, Citizens insures over 24,000 total properties (residential, commercial residential, and commercial nonresidential) in Monroe County, so the majority of property insured by Citizens in Monroe County is not located in the CBRS and thus not impacted by the CBRS eligibility restriction in current law.¹¹

Effect of Proposed Changes Related to Citizens' Eligibility

The PCS creates an exception to current law for Citizens' eligibility based on location of the property. The exception created permits major structures that are substantially improved at any time to be insured in Citizens if they are located in a county where Citizens issues 75 percent or more of the total number of policies for personal lines residential, commercial residential, and commercial nonresidential insurance policies. Currently, it appears Monroe County is the only county in Florida that would fall within the exception created by the PCS. Furthermore, for the reasons outlined above, the exception should only apply to a maximum of 656 parcels as this is the number of improved parcels of land located in whole or in part in CBRS in Monroe County.

The PCS does not apply to structures located seaward of the coastal construction control line, only structures located within the CBRS. Thus, substantial improvements to major structures located seaward of the coastal construction control line will still be ineligible for insurance in Citizens if a building permit for the improvement is applied for on or after July 1, 2014.

Mitigation Discounts

The Legislature first adopted hurricane mitigation discounts for residential property insurance in 1993. As enacted in 1993, section 627.0629(1), F.S., required insurance companies to include "appropriate discounts, credits, or other rate differentials, or appropriate reductions in deductibles, for properties on which fixtures actuarially demonstrated to reduce the amount of loss in a windstorm have been installed" in all residential property insurance rate filings filed after July 1, 1994. To help insurers implement the mitigation discount statute, in 1998 the Department of Insurance (now the OIR)

¹⁰ The admitted market is composed of Florida licensed and regulated insurers. The surplus lines market is composed of insurers deemed eligible to write insurance by the Office of Insurance Regulation. Insurers in this market are not as heavily regulated as those in the admitted market.

¹¹ Information from Citizens combined month end report for January 2014 on file with the Insurance & Banking Subcommittee.

promulgated an administrative rule on mitigation discounts. This resulted in insurers giving insurance premium credits for the installation of hurricane shutters or other wind protective devices.

The mitigation discount statute was unchanged from 1993 to 2001. In 2001, mitigation discounts for the use of construction techniques that mitigate a home were added to the 1993 mitigation discount law and a sample list of construction fixtures or techniques that qualified for mitigation discounts was delineated in statute. The 2001 change also required mitigation discounts for residential properties built to the Florida Building Code. Thus, after the 2001 statutory change, mitigation discounts were not only given for mitigation fixtures that were installed by a homeowner after construction but to homes constructed using mitigation fixtures or techniques.

To facilitate insurer compliance with the windstorm mitigation discounts required by statute, the Department of Community Affairs¹² in cooperation with the Department of Insurance (now the OIR), contracted with Applied Research Associates, Inc. for a public domain study to provide insurers data and information on estimated loss reduction for wind resistive building features in single-family residences. The study, titled Development of Loss Relativities for Wind Resistive Features of Residential Structures, was completed in 2002. The study's mathematical results, termed "wind loss relativities", were the basis for calculating the specific mitigation discount amount on the wind premium for mitigation features contained by the property.¹³

The 2002 study dealt with both existing construction and new construction built to the 2001 Florida Building Code and wind loss relativities were developed separately for construction built prior to and after the 2001 Florida Building Code. In an Informational Memorandum issued on January 23, 2003, the OIR notified insurance companies of its suggested mitigation credits for new and existing construction based on its analysis of the study completed by Applied Research Associates. A similar study by Applied Research Associates, Inc. was also done in 2002 for residential buildings with five or more units.

Mitigation discounts were initially given at 50 percent of the actuarial value of the discount.¹⁴ In 2006, the Legislature amended the mitigation discount law to require the OIR to reevaluate mitigation discounts by July 1, 2007 to determine the full actuarial value of the discounts.¹⁵ Thus, the OIR amended the administrative rule¹⁶ relating to mitigation discounts to require insurers to provide mitigation discounts in an amount equal to 100 percent of the mitigation discount amount, as determined by the loss relativities in the 2002 study done by Applied Research Associates, Inc. Insurers that made rate filings on or after January 1, 2007 were required to include the full value of the discount in the rate filing and all residential property insurers were required to submit a new rate filing adopting the full value of the discounts into the rates by March 1, 2007. In 2008, the OIR obtained a new study to evaluate the appropriate mitigation discount amounts, but did not change the amounts.

The current OIR administrative rule relating to mitigation discount amounts allows insurance companies to modify the amounts if the insurer provides a detailed alternate study supporting the modification and allows the OIR to review all assumptions used in the study. To date, OIR has approved alternate discount studies for three insurers. The OIR is currently reviewing alternate studies for two more insurers.¹⁷

¹² The Department of Community Affairs was dissolved in 2011 and its duties absorbed by other state agencies. See ch. 2011-142, L.O.F.

¹³ The relativities applied only to the portion of a policy's wind premium associated with the dwelling, its contents and loss of use.

¹⁴ In an Informational Memorandum issued on January 23, 2003, the OIR notified insurance companies of its suggested mitigation credits for new and existing construction based on its analysis of a 2002 study completed by Applied Research Associates. However, the OIR tempered the mitigation credits derived from the study by 50 percent. As stated by the OIR in the memorandum, the 50 percent tempering of the credits was due to the large rate decreases that could result from application of the credits, the approximations needed to produce practical results, and the potential for differences in results using different hurricane models. The OIR cautioned in the memorandum that the tempering implemented would be curtailed in the future.

¹⁵ Section 14, Ch. 2006-12, L.O.F.

¹⁶ Rule 69O-170.017, F.A.C.

¹⁷ Information received from the OIR by staff of the Insurance and Banking Subcommittee.

Section 627.711, F.S., requires insurers to clearly notify an applicant for or policyholder of a personal lines residential property insurance policy of the availability and range of each premium discount, credit, other rate differential, or reduction in deductibles, for wind mitigation. The notice must be provided when the policy is issued and renewed and provided on a form developed by the OIR.

Effect of Proposed Changes Relating to Mitigation Discounts

The PCS also requires Citizens to submit any alternate study it obtains relating to windstorm mitigation discounts to the OIR for review and approval as allowed under the current administrative rule. If the OIR approves the study, then Citizens must include any discounts provided in the study in their rates.

Citizens currently does not have any alternate study relating to mitigation discounts, however, a non-profit group in Monroe County is currently working on a study, with funding from Citizens, that will verify the quality and characteristics of building stock in Monroe County.¹⁸ In December 2012, the non-profit group Fair Insurance Rates in Monroe (FIRM) presented a proposal to the Citizens Board of Governors relating to a Monroe County Windstorm Risk Remodeling and Analysis Initiative (Initiative).¹⁹ The purpose of the Initiative is “to provide enhanced risk insight to FIRM enabling it to make recommendations to residents, government agencies, Citizens and other insurance structures concerning risk financing decisions from a position of knowledge and strength.”²⁰ According to the proposal, actuaries, engineers, statisticians, and insurance specialists will be used by FIRM to analyze data inputs and perform risk modeling and loss forecasting.²¹ With the results of that analysis, FIRM indicated in its presentation that Monroe County would seek insurance coverage through the private market or establish a mutual or reciprocal company.²² The board of Citizens voted to provide \$485,000 funding to FIRM for the Initiative in April 2013.²³ The Initiative has not yet been completed, although work has begun on it.

Mitigation Verification Inspection Form

Typically, policyholders are responsible for substantiating to their insurers the insured property has mitigation features. Policyholders submit a completed uniform mitigation verification inspection form to the insurer to substantiate mitigation features. All insurers must use the uniform mitigation verification inspection form developed by rule by the Financial Services Commission (FSC).²⁴ The current version of the form was approved by the FSC in 2012 and recognizes the Florida Building Code adopted in 2001²⁵ or later and the South Florida Building Code²⁶ adopted in 1994.²⁷

Insurers must accept mitigation forms prepared by home inspectors, building code inspectors, contractors, engineers, and architects and may accept forms prepared by persons determined to be

¹⁸ Rate Study Funding Agreement entered into by Fair Insurance Rates in Monroe (FIRM) and Citizens on file with the Insurance & Banking Subcommittee. Because the study by FIRM is not yet complete, it is unknown whether it will qualify as an alternate study required to be submitted to OIR by the PCS.

¹⁹ Presentation available at

https://www.citizensfla.com/about/mDetails_boardmtgs.cfm?show=PDF&link=bnc_meet/docs/421/08I_AI_Monroe_County_Remodeling_Proposal_11_29_12.pdf&event=421&when=Past (last viewed March 11, 2014).

²⁰ Id. at page 2.

²¹ Id.

²² Id.

²³ A copy of the Rate Study Funding Agreement completed by Citizens and FIRM is on file with the Insurance & Banking Subcommittee.

²⁴ The Financial Services Commission is comprised of the Governor and Cabinet (s. 20.121(3), F.S.). The form is adopted by Rule 690-170.0155, F.A.C.

²⁵ Building permit application date of 3/1/2002 or later. The Florida Building Code is adopted every three years by the Florida Building Commission located in the Florida Department of Business & Professional Regulation.

²⁶ The South Florida Building Code was first adopted by Miami-Dade County on December 31, 1957. In 1976, Broward County adopted a local referendum making the South Florida Building Code, Broward County Edition, a county-wide standard and incorporated the Code into the county charter. (<http://www.broward.org/CODEAPPEALS/Pages/HistorySouthFloridaBuildingCode.aspx>) (last viewed March 11, 2014). The 1994 South Florida Building Code applies to building permit application dates starting 9/1/94 in Miami-Dade and Broward Counties. The South Florida Building Code, however, was superseded by the 2001 Florida Building Code. Currently local governments can adopt amendments to the technical provisions in the statewide code to apply solely to the local jurisdiction as long as the amendments are more stringent than the code (s. 553.73(4)(b), F.S.).

²⁷ Information about the form adopted in 2012 is available at <http://www.flair.com/sections/pandc/productreview/uniformmitigationform.aspx> (last viewed March 11, 2014).

qualified by the insurer to prepare the form. Insurers can require mitigation forms provided to the insurer by mitigation inspectors or a mitigation inspection company be independently verified for quality assurance purposes before accepting the mitigation form as valid. The insurer must pay for the independent verification.²⁸ At their expense, insurers can also independently verify, for quality assurance purposes, mitigation forms submitted by policyholders or insurance agents.

Effect of Proposed Changes Relating to Mitigation Verification Inspection Form

The PCS allows the FSC to create an addendum to the uniform mitigation verification form to be used in a county that has a building code stronger than the highest code recognized on the uniform mitigation form.

B. SECTION DIRECTORY:

Section 1: Amends s. 627.351, F.S., relating to insurance risk apportionment plans.

Section 2: Amends s. 627.711, F.S., relating to notice of premium discounts for hurricane loss mitigation; uniform mitigation verification inspection form.

Section 3: Provides an effective date of July 1, 2014.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Owners of structures in counties where Citizens insures 75 percent or more of the property will be able to obtain or keep insurance in Citizens even if they substantially improve their structure after July 1, 2014.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

²⁸ s. 627.711(8), F.S.

Not applicable. The PCS does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None provided by the PCS.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.